

*Concordia Maritime is an international large-tanker shipping company, which owns two new 314,000 dwt VLCCs delivered in 2001 and four VLCC of about 270,000 dwt built in the mid-1970s. The new vessels, Stena V-MAX, in addition to having mandatory double hulls, were built according to a completely new tanker concept for safer oil transportation with double main engines in two completely separate engine rooms, double rudders and steering gear, two propellers and double control systems. All the vessels were built to very high specifications as regards both customer satisfaction and lifespan. The quality of the vessels and the management and manning organisations is documented by quality certificates from Det Norske Veritas and the American Bureau of Shipping.*

### **INNOVATION AND PERFORMANCE**

*Our business concept is to provide our customers with safe, cost-effective tanker transportation based on innovation and performance*

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## **INTERIM REPORT FOR CONCORDIA MARITIME AB (publ) 1 JANUARY – 31 MARCH, 2003**

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- **Result after financial net SEK 68.1 (-46.5) million, SEK 1.41 (-0.99) per share**
- **Strong freight market in first quarter**
- **Continued safe and cost-efficient ship operation**
- **Healthy underlying demand for large-tanker transportation – but uncertainty concerning Iraq situation and the SARS virus are having a negative impact**
- **Profit expected for second quarter**
- **Forecast for full year unchanged: SEK 100 million profit, SEK 2.10 per share**

### **SALES AND RESULT**

Consolidated sales during the first quarter amounted to SEK 272.5 (204.4) million. The result after financial items was SEK 68.1 (-46.5) million. The result after tax was SEK 67.3 (-47.5) million, which corresponds to a result per share after tax of SEK 1.41 (-0.99).

#### *Sales by geographical area*

Sales are distributed geographically over the following markets (in %): UK 47 (27), US 23 (41), South Africa 17 (8), Saudi Arabia 9 (13), others 4 (1), India - (5) and Japan - (5). The distribution of net sales is based on the respective customer's domicile.

The Parent Company's sales totalled SEK 5.6 (4.9) million. Intergroup invoicing accounted for SEK 5.5 (4.8) million of this amount.

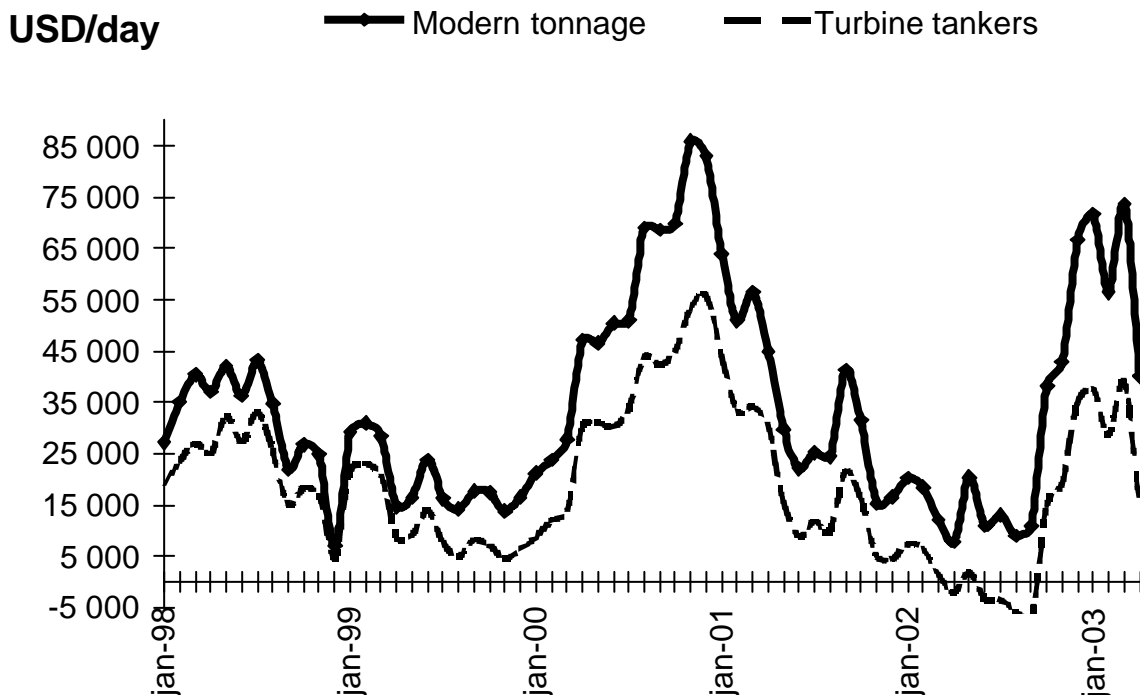
### *Large-tanker market*

During the first quarter, the large-tanker market, like many other business activities, was affected to a high degree by the war against Iraq. During the period before and during the war, ship owners and customers acted on the basis of more or less daily assessments of the situation. This resulted in a wait-and-see policy, large fluctuations in freight rates and uncertainty. In spite of this, the market on average has been strong due to a large underlying demand for large-tanker transportation. In part, this can be explained by the cold winter and low stock levels in the US and other OECD countries.

The effects of the strikes in Venezuela continued to make themselves felt, even if production has gradually increased. Unrest in Nigeria has also limited shipments from the West Africa region. Reduced production in these regions has been compensated for by increased OPEC production, principally in Saudi Arabia, which reached a level in March not seen since the 1980s. A larger share of oil produced in the Middle East means more ton-miles if the increase takes place, as in this case, at the expense of Venezuela and West Africa. This, in turn, increases the demand for large-tanker transportation.

## FREIGHT MARKET FOR VLCCs

JANUARY, 1998 – APRIL, 2003



Source: Platou

The Group's two V-MAX VLCCs, the *Stena Vision* and the *Stena Victory*, continue to operate efficiently and smoothly under their time-charter contracts with the US oil company Sunoco. The vessels are employed on the West Africa–US East Coast trade. The loading terminals utilised in West Africa have not been affected by the unrest in the region.

### *VLCC and ULCC*

The Group's four VLCCs generated USD 26,000 (8,500) per day, including waiting days.

In the case of the two ULCCs sold last year and which continue to be shown as fixed assets, depreciation amounting to SEK 4.8 million has been charged to the result for the period.

Amortisation of loans is recorded as income when payment is made and is included in the result for the period in an amount of SEK 23.3 million.

### *Management and operation*

During the period, the fleet continued to be operated with a focus on safety and quality and the cost of ongoing ship operation remained at a low level.

### *Disposition of our older tonnage*

Several of the vessels are reserved for sale to the offshore industry at prices substantially higher than their book value.

Scrap prices have risen more than 50% over the last 12 months, which means that the fleet could, alternatively, be sold for scrap without incurring a loss.

## **EQUITY**

Equity per share is SEK 24.81 (31.56). The SEK/USD exchange rate on 31-03-2003 was 8.50 (10.34). The increase in value of the SEK in the SEK/USD exchange rate has thus reduced equity, expressed in SEK, substantially.

## **LIQUIDITY AND FINANCING**

The Group's disposable liquid funds, including unutilised credit facilities, amounted to SEK 227.4 (300.3) million on 31-03-2003; the corresponding amount on 31-12-2002 was SEK 171.4 (381.4) million. The Group's existing fleet is financed via a credit facility of originally USD 165 million raised during the spring of 1999. This credit facility is amortised on an ongoing basis and amounted to USD 105.5 million at the end of the period.

The Parent Company's disposable liquid funds amounted to SEK 48.0 (11.9) million. The corresponding amount on 31-12-2002 was SEK 60.9 (13.5) million.

## **INVESTMENTS**

No investments were made during the period.

## **RELATED COMPANY TRANSACTIONS AND CHARTER COOPERATION WITH STENA BULK**

The joint charter business between Concordia and Stena Bulk, where the results are shared equally, consists of a multi-year freight contract, which is roughly equivalent to the employment of one

VLCC, and a modern double-hull VLCC (built in 1999), which was time-chartered in February, 2003, for a period of 11-13 months.

During the period, the joint charter business generated a result of SEK -1.7 (2.6) million.

Cooperation with other departments at Stena, such as Marketing, Technical, Finance, Bunker and Insurance, remains unchanged.

Concordia's wholly-owned subsidiary Universe Tankships provides ship management for two of Stena's vessels.

### ACCOUNTING PRINCIPLES AND METHODS OF CALCULATION

The Swedish Financial Accounting Standards Council's recommendation RR 22 (Presentation of Financial Statements), which the company has followed as of 01-01-2003, has resulted in a reclassification of certain financial liabilities that fall due within 12 months, as shown below.

(SEK million)	Classification according to RR 22		Previous classification	
	31 March, 2003	31 December, 2002	31 March, 2003	31 December, 2002
<i>Liabilities</i>				
Long-term liabilities	780.2	940.3	780.2	880.3
Current liabilities	100.1	99.5	100.1	159.5

Comparative figures as of 31 March, 2002, are not affected.

With the exception of the above-mentioned, the accounting principles applied are the same as those applied in the Annual Report for 2002.

### FORECAST 2003

#### *World large-tanker fleet*

The world ULCC and VLCC fleet currently consists of 433 vessels. The backlog of orders at the shipyards is equivalent to about 15% of the existing fleet. So far this year, 14 vessels have been ordered compared with a total of 13 during the whole of 2002.

	Scrapped/sold to offshore	New orders	Deliveries/ Order book
2002	40	13	40/-
2003 (31 March)	2	14	10/28
2004			-/24
2005-			-/13

#### *Freight market, 2003*

The freight rates established after the freight market began to improve in November/December, 2002, have remained at a satisfactory level. There has, however, seldom been such great uncertainty and it is very difficult to predict developments, even from a short-term perspective.

### *Iraq*

The Iraqi oil production facilities suffered negligible damage during the war and the loading ports are completely intact. As the situation stabilises, the resumption of oil exports will most likely be prioritised in order to generate earnings for the country to finance reconstruction of the infrastructure, purchases of food, medicines, etc. Many analysts say that production should be started up by no later than June. OPEC/Saudi Arabia will probably reduce their production as Iraqi oil production increases, which would mean that the impact on the large-tanker market would not be that large.

### *Stock levels in the US and other OECD countries*

Although stock levels are very low, demand remains relatively strong. Stocks will be replenished, but since lower oil prices are anticipated, this will probably not take place during the second quarter, as is normally the case. When stocks do begin to be replenished, it will have a positive impact on the large-tanker market.

### *SARS virus*

More and more analysts believe that the SARS virus will have a negative impact on the economies in Asia. Until now, growth has been very good, not least in China. Lower growth rates caused by SARS, even if they are temporary, will have an immediate negative impact on the demand for large-tanker transportation.

### *Conclusion*

With the general atmosphere of uncertainty prevailing on the market, we believe that the freight markets will weaken fairly rapidly during the rest of the second quarter.

If and when the Iraq situation has become clearer, there is the potential for an upturn from the then low freight rates as stocks are replenished. However, deliveries of newbuildings will limit this upturn.

### *Forecast*

Our previous forecast remains unchanged, i.e. a 6-month profit of about SEK 100 million (SEK 2.10 per share). The second half of the year should generate a result in the region of  $\pm 0$ , which means that our forecast for the full year also remains unchanged, SEK 100 million (SEK 2.10 per share).

## **REPORTS AND INFORMATION**

The Interim Report for the first six months of 2003 will be published on 13 August and the 9-month Report on 23 October.

Historical and current reports, together with news and comments on the Company and the tanker markets, can be found on our web site [www.concordia-maritime.se](http://www.concordia-maritime.se).

Further information may be obtained from:

Lars Carlsson, President

tel.+46 31 85 50 03 or +46 704 85 50 03

Hans Norén, Executive Vice President

tel.+46 31 85 51 01 or +46 704 85 51 01

Jonas Kamstedt

tel.+46 31 85 50 80 or +46 704 85 50 80

Gothenburg, 29 April, 2003

**CONCORDIA MARITIME AB (publ)**

Lars Carlsson  
President

### THE GROUP'S INCOME STATEMENT

(SEK million)	1 <sup>st</sup> quarter 2003	1 <sup>st</sup> quarter 2002	Full year 2002
Average exchange rate SEK/USD	8.55	10.45	9.72
Net sales	272.5	204.4	768.6
Ship sales	0.0	-	11.1
<b>Total income</b>	<b>272.5</b>	<b>204.4</b>	<b>779.7</b>
Operating costs, ships	-129.1	-128.9	-494.5
Other external costs	-7.6	-14.2	-45.4
Personnel costs	-26.3	-46.8	-150.3
Depreciation according to plan	-32.8	-49.8	-187.7
<b>Total operating costs</b>	<b>-195.8</b>	<b>-239.7</b>	<b>-877.9</b>
<b>Operating result</b>	<b>76.7</b>	<b>-35.3</b>	<b>-98.2</b>
Interest income and similar profit/loss items	0.0	1.0	1.3
Interest expenses and similar profit/loss items	-8.6	-12.2	-45.5
<b>Financial net</b>	<b>-8.6</b>	<b>-11.2</b>	<b>-44.2</b>
<b>Result after financial net</b>	<b>68.1</b>	<b>-46.5</b>	<b>-142.4</b>
Tax	-0.8	-1.0	-6.5
<b>Result after tax</b>	<b>67.3</b>	<b>-47.5</b>	<b>-148.9</b>

### PER-SHARE DATA

(SEK)	1 <sup>st</sup> quarter 2003	1 <sup>st</sup> quarter 2002	Full year 2002
Shares at end of period	47,729,798	46,440,304	47,729,798
Average number of shares	47,729,798	46,416,658	47,294,055
Profit per share after tax	1.41	-0.99	-3.12
Equity per share	24.81	31.56	24.16

### SUMMARY OF GROUP'S BALANCE SHEET

(SEK million)	31 March 2003	31 March 2002	31 Dec 2002
SEK/USD exchange rate on accounting date	8.50	10.34	8.83
<b>Assets</b>			
Ships and equipment	1,805.0	2,421.9	1,907.5
Financial assets	12.3	15.4	12.6
Total fixed assets	1,817.3	2,437.3	1,920.1
Current receivables	224.3	244.3	203.6
Cash and bank balances	68.1	215.4	115.2
Total current assets	292.4	459.7	318.8
<b>Total assets</b>	<b>2,109.7</b>	<b>2,897.0</b>	<b>2,238.9</b>
<b>Equity and liabilities</b>			
Equity	1,184.0	1,495.0	1,153.0
Provisions	45.4	47.8	46.1
Convertible debenture loan	0.0	16.7	0.0
Long-term liabilities	780.2	1,168.0	940.3
Current liabilities	100.1	169.5	99.5
<b>Total equity and liabilities</b>	<b>2,109.7</b>	<b>2,897.0</b>	<b>2,238.9</b>

### SUMMARY OF GROUP'S CASH-FLOW ANALYSIS

(SEK million)	1 <sup>st</sup> quarter 2003	1 <sup>st</sup> quarter 2002	Full year 2002
<b>Operating activities</b>			
Cash flow from operating activities before changes in working capital	100.1	10.5	35.5
Change in working capital	-17.2	-1.2	-50.4
<b>Cash flow provided by operating activities</b>	<b>82.9</b>	<b>9.3</b>	<b>-14.9</b>
<b>Cash flow from investing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>41.2</b>
<b>Cash flow from financing activities</b>	<b>-127.1</b>	<b>-51.6</b>	<b>-113.4</b>
<b>Divident</b>	<b>0.0</b>	<b>-</b>	<b>-27.8</b>
Conversion differences	0.9	2.4	1.5
<b>Cash flow for the year</b>	<b>-43.3</b>	<b>-39.9</b>	<b>-113.4</b>
<b>Balance at beginning of period (Note 1)</b>	<b>115.2</b>	<b>263.0</b>	<b>263.0</b>
<b>Exchange rate differences, cash and bank balances (Note 2)</b>	<b>-3.8</b>	<b>-7.7</b>	<b>-34.4</b>
<b>Balance at end of period (Note 2)</b>	<b>68.1</b>	<b>215.4</b>	<b>115.2</b>

Note 1. Balance consists of cash and bank balances

Note 2. Exchange rate differences related to:

Balance at beginning of year	-4.1
Cash flow for the year	0.3
	-3.8

### CHANGES IN EQUITY, GROUP

# CONCORDIA MARITIME

(SEK million)	Share capital	Restricted reserves	Non- restricted equity	TOTAL
<b>CHANGES JAN-MAR, 2003</b>				
Opening balance on 01-01-2003	381.8	293.9	477.3	1,153.0
Exchange rate differences not shown in income statement	-	-10.3	-26.0	-36.3
Result for the period	-	-	67.3	67.3
Closing balance on 31-03-2003	381.8	283.6	518.6	1,184.0
<b>CHANGES JAN-MAR, 2002</b>				
Opening balance on 01-01-2002	371.3	319.6	902.3	1,593.2
Exchange rate differences not shown in income statement	-	-26.1	-25.0	-51.1
Result for the period	-	-	-47.5	-47.5
Conversions during the period	0.3	0.1	-	0.4
Closing balance on 31-03-2002	371.6	293.6	829.8	1,495.0

## SIX-YEAR SUMMARY

	3 months 2003	2002	2001	2000	1999	1998
<b>Profit/loss and balance-sheet items (SEK million)</b>						
Net sales	272.5	768.6	1,334.6	1,327.6	773.6	1,102.9
Operating result	76.7	-98.2	292.5	246.0	-44.1	201.8
Result after financial items	68.1	-142.4	251.9	227.7	-72.0	114.0
Cash flow	100.9	40.0	392.1	337.2	15.9	205.8
Equity	1,184.0	1,153.0	1,593.2	1,211.6	721.5	760.9
Total assets	2,109.7	2,238.9	3,150.3	2,494.5	1,890.3	1,751.0
<b>Key ratios (%)</b>						
Equity ratio	56	51	51	48	38	43
Return on total capital	14	-4	11	12	-2	12
Return on capital employed	15	-5	12	14	-2	13
Return on equity	23	-11	16	21	-8	17

Definitions: see Annual Report 2002